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ABSTRACT

A forthcoming study by the National Association of Independent Colleges and Universities is described that will examine the costs of implementing federal regulations, including academic and overall costs. Their current and potential impact on American higher education will be addressed. The study will be comprised of three phases: (1) a compilation and analysis of the kinds of existing regulations; (2) a study of changes and costs at representative institutions in administrative structure, curriculum, innovation, budgeting, affirmative action, construction, legal work and reporting tasks; and (3) an opinion paper suggesting changes in regulatory processes to improve efficiency and effectiveness. Appendices include an illustrative list of regulatory and reporting costs and an occasional paper by Virginia Fadil and Parker Covington on implementing federally mandated programs. (MSE)

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The Impact of the Federal Regulatory Process Upon the Fiscal Condition of Independent Colleges and Universities

As its long twenty-five year period of growth gradually wilted during the early seventies, those responsible for the fiscal health of American higher education began looking toward new strategies of management that would be appropriate to an anticipated period of steady-state enrollment, steady-state employment, and possibly declining federal and private support. This effort has already produced a formidable body of new data and numerous analyses of the meaning of that data, both as to its significance for the nature and extent of higher education's fiscal cricis and as indicators for policy decisions.

Much of this data is proving useful to the academic community's attempts to bring its costs under strict and effective control. All analysts agree that it is at the costs' end of the balance that our most serious problems lie, despite the undoubted fact that income on investments, and, in several crucial areas such as basic research and library support, income in the form of federal grants has suffered significant decline in the recent years.

But costs have risen even more significantly, partly due to general inflation, partly due to improvement in the quality of the educational program and its supporting facilities, and partly due to the growth of whole new categories of cost reflecting the enlarged role of the institution in the broader community.

Among the most rapidly growing categories of cost in this congeries of costs is that relating to compliance with federal regulations.[1] In our preliminary study of the subject we have identified some six different categories of such costs. (See Appendix A for a summary list of these identified costs.)

A crucial quality of these costs of compliance, though it is not confined to them, is that they are not, for the main part, controllable by the institutions. Their imposition shifts the balance between committed and discretionary funds in the college's budget toward the former, reducing the funds that can be allocated according to internal priorities. Other committed costs that have risen

[1] In a small pilot study of six institutions, it was found that the costs of compliance more than doubled from 1970 to 1975 and were continuing to rise. In addition, these costs rose much faster than the costs of instruction and the increase in total revenues. The authors concluded that these program costs "have contributed substantially to the instability of costs at colleges and universities from year to year and thus compounded the difficulties of financial management and budget balancing." Carol Van Alstyne and Sharon L. Coldren: The Costs of Implementing Federally-Mandated Social Programs at Colleges and Universities. Policy Analysis Service. Special Report. (Washington, DC: American Council on Education, June, 1976), p. 14.

most sharply in recent years are the employers' social security taxes,[2] health care, unemployment compensation, and energy costs.[3] We expect a further rising of costs will prove inevitable, making our concern to see compliance costs brought under control all the more crucial.

The National Association of Independent Colleges and Universities is therefore planning to conduct a study of the costs of implementing federal regulations in such a form as will allow us to integrate it with the several other studies of academic costs that are presently under way,[4] and to produce in turn, a coherent picture of overall costs and their impact, current and potential, upon American higher education. We expect clear-cut policy recommendations to flow out of these studies, and we will be prepared to follow-up such recommendations with appropriate action.

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[2]Social Security taxation for employers doubled from 1970-76 and will triple by 1980. Unemployment Insurance contributions by employers to the federal government will double by January 1, 1978, and the increase in state taxes for unemployment insurance rose 32 percent between 1974 and 1976. Economic Recovery and the Financing of Social Insurance, prepared by Staff Members of the Committee of the Budget, United States Senate (Washington, DC: U.S. Government Printing Office, 1977), p. 2.

[3]Nationally, energy consumption in the higher education sector dropped by 6 percent, although cost increased by 70 percent from 1972-73 to 1974-75. On a regional basis the figures were even higher: in the northeast where a majority of independent institutions are located, energy costs rose 94 percent. Frank J. Atelsek and Irene L. Gomberg, Energy Costs and Energy Conservation Programs in Colleges and Universities: 1972-73 and 1974-75. Higher Education Panel Reports, Number 31 (Washington, DC: American Council on Education, April, 1977), p. vii.

[4]The other studies underway will examine: tax policies and their impact on independent institutions (to be conducted by NAICU); unfunded institutional income (to be conducted by Carol Van Alstyne and Sharon L. Coldren at the American Council of Education); an estimate of student finances on the Student Resource Survey (to be conducted by John Lee at the Education Commission of the States); disposable family income and its impact upon the cost and participation of middle income students at independent institutions (to be conducted by NAICU); energy costs in relation to operations and maintenance budgets at institutions (to be conducted by the National Association of College and University Business Officers); and the impact of the federal regulatory process upon the deteriorating fiscal condition of independent colleges and universities (to be conducted by NAICU). As a result of these studies, a clearer view of the fiscal condition of independent colleges should emerge. More importantly, an estimate of fixed costs for institutions in comparison with discretionary income should allow us to estimate the impact of these costs upon the future fiscal condition of independent colleges and universities.

The Costs of Implementing Federal Regulations: The Purpose of the Study

The issue of compliance with federally-mandated social programs is complex, both in the scope and amount of regulations applicable to non-profit organizations and for the philosophical and evaluative questions that federal regulatory processes as strategies for social reform pose. This proposal grows out of a perceived need to conduct cost-benefit studies on the impact of federal regulations upon the fiscal condition of independent colleges and universities. Only by providing cost analyses, both direct and indirect, and an enumeration of the scope and types of regulations with an examination of the benefits, can a rational discussion of the impact of federal regulating processes upon colleges and universities proceed.[5] (See Appendix B: "Implementing Federally-Mandated Social Programs: Issues and Recommendations", for a fuller discussion of the issues.)

The National Association of Independent Colleges and Universities proposes to study the burden of compliance by conducting a series of cost/benefit studies to inform administrators, educators and policy-makers of the impact of the federal regulatory process upon independent institutions.

(1) What are the kinds and extent of regulations that have an impact upon colleges and universities? (See Appendix B for a partial list of the kinds of regulatory/reporting costs which suggest the magnitude and complexity of the problem.)

(2) What are the direct and indirect costs and benefits of these federally-mandated social programs? Do the benefits in fact exceed the costs? Is there a differential impact of the costs upon the various sectors of higher education?

(3) What is the impact of federal regulation upon the three central missions -- teaching, research, and service -- of higher education? Is regulation affecting the financial ability of these institutions

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[5]A definition of "indirect costs" for administrators, faculty, and federal agencies is one of the crucial problems affecting academic science and government grants. In a recent study of the problem, it was stated that, "decisions on the rules for and administration of indirect cost recovery affect a great many aspects of research policy, incuding the size of federal research appropriations, the number of grants that federal program managers can make, the financial stability of universities, and the distribution of power within universities." This problem has been exacerbated recently because of the "worsening financial position of universities, which forces them to try to recover full indirect costs." Bruce L.R. Smith and Joseph J. Karlesky, The State of Academic Science (New York: Change Magazine Press, 1977), pp. 202-203.

to maintain quality of their educational programs? Is regulation changing the traditional decision-making process at academic institutions?

Scope and Method

This project is crucial to the NAICU constituency. In addition, the number of regulations, the cost of compliance with those regulations, the quality of the regulations have all been questioned not only by those who are regulated, but also by members of both the Executive and Legislative branches of government. Congress and the Administration will be responsive to constructive criticism of the regulatory situation. Administrators, policy-makers, and federal agency directors will also be responsive to suggestions which will lead to more efficiency and effectiveness in the regulatory process. However, all of the groups involved need to know the scope of the problem, the costs involved, and the benefits derived before a serious discussion of suggested improvements in legislation and regulations, or in alternative strategies to regulation, can proceed.

The present study will take place in three phases and build upon research already in progress to establish a more global picture of the cost of compliance with federal regulations:

(1) A compilation of the kinds of existing regulations will be developed and analyzed in terms of their broad effects on higher education.

(2) A study will be conducted at a representative sample of independent institutions to examine the change in administrative structure utilizing the findings of Robert Allyn Scott's study on mid-level administration and to examine the effect of federal regulations on curriculum development, innovation and instructional budgets; the results of affirmative action programs at independent institutions; the costs of implementing major federally-mandated social programs at institutions -- such as OSHA, the handicapped regulations, the added cost of using federal money for construction purposes, the Fair Labor Standards Act, and the proportional increase in legal costs; the reporting costs of institutions, in paperwork, staff time, and the use of computer software, among others. This study will be so constructed as to compare such costs, both direct and indirect, as well as benefits at different types of institutions.

(3) A "perspectives" paper based upon the findings of the above studies which would be directed at suggesting changes in the regulatory

processes to improve the efficiency and effectiveness of programs and an examination of alternative strategies to the regulatory process.[6]

Certain cost studies will pose some difficulty. An analysis of the indirect costs of regulation will have to be made for the purpose of this study. In other aspects of the cost studies, it will be necessary to study college and university budgets over time to determine changes in instructional budgets, faculty salaries, and curriculum changes. In addition to surveying a representative sample of independent colleges and universities, the studies will also involve campus visits.

Outcomes

The outcomes of this study will have wide-ranging effects:

(1) This study, along with several others examining growing committed costs in institutional budgets, will result in a more accurate picture of the financial condition and financial trends in independent colleges and universities.

(2) The detailed study of the costs and impact of federal regulations upon colleges and universities will be useful to campus leaders, administrators in federal agencies, and legislators. Such studies may lead to short-term improvements in the existing language of legislation, to some suggestions for remedy in writing regulations, and to a means of estimating the impact of federal legislation upon colleges and universities.

(3) We intend that the study shall constitute a basis for improving the quality of campus response to legitimate requests from federal agencies.

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[6]This aspect of the study is unique, for at the present time, no one has conducted a cost/benefit study. The ACE study specifically avoided a discussion of benefits, nor is this aspect a part of Dr. Scott's study. The paperwork/reporting costs and the costs involved in computer software is also unique and differs from the study of the National Association of College and University Business Officers' study which involves duplication of effort and kinds of forms. This study will examine the costs and usefulness of such reporting at different kinds of institutions. Up to the present time, there has been no documentation of the costs involved in computer software to carry out federal reporting requirements.

(4) A final long-range outcome would be to pose a series of philosophical as well as evaluative questions about the strategy of regulation as a means to achieve federally-mandated social goals: Is the federal regulatory process achieving the intent of social legislation? Are there other strategies available to achieve social goals in addition to federal regulation, such as incentives similar to tax incentives? Are there other approaches federal agencies could take that would give positive reinforcement to institutions to plan for and meet social goals? Are there strategies that could move institutions more toward self-regulation?

Project Personnel

This project will be directed by Robert Allyn Scott, Associate Dean of the College of Arts and Sciences of Cornell University. Presently, Dr. Scott is on leave to conduct a study, under an Exxon Education Foundation grant, of the effects of federal compliance requirements on college and university costs and on the nature and role of middle-level collegiate administration in a sample of institutions. His initial findings show a need for further study of the scope and kinds of federal regulations and for a detailed cost/benefit study of major federally-mandated programs at independent colleges and universities. The parameters of his present study and the time available for it do not allow fully for the kind of extensive study of the cost and benefits that are described in this proposal. Also, Dr. Scott is working alone, except for occasional consultants. For the NAICU study, he will be assisted by Dr. G. Edward Lundin of Spelman College and Dr. Charles Adams of Emory University who will conduct an in-depth study of the paperwork/reporting costs and their impact upon administrative practices in a representative sample of colleges and universities.

The proposed study will be conducted over a twelve-month period. The enumeration and extent of regulations and the study of the paperwork/reporting burden and its impact upon administrative practices and budgets will be conducted from September, 1977 through February, 1978. The series of cost/impact studies will take place from March, 1978 through July, 1978. The "perspectives" paper will be written during the summer of 1978 based upon the findings of the other studies.

Budget

The proposed budget is for 12 months beginning September 1, 1977. It includes the support of the project director and investigators for the paperwork/reporting costs project as well as consultant services for computer services and policy analysis, and the production of final reports for dissemination.

In addition, NAICU, Cornell University, Spelman College and Emory University shall provide office space for the project and researchers. The colleges and universities in the sample will provide the time and materials for the studies.

Project director (6 months)	
Salary and fringe benefits	$20,000
Travel for director	3,000
Paperwork/reporting burden project	
Two principal investigators for 100 days at $200 per day	20,000
Programmer/analyst for 20 days at $150 per day	3,000
Travel to institutions $350 per trip to 20 institutions	7,000
Computer support	1,000
Travel to NAICU for project coordination Four trips at $150 per trip	1,200
Consultant services on "Perspectives" Three consultants for 5 days at $350 per day	5,250
Secretarial services For projects at Cornell, Spelman and NAICU for 4 months	4,200
Printing costs of final reports and "Perspectives" paper	5,000
Telephone and postage (Cornell and Spelman projects)	1,000
Travel for NAICU director	1,000
Administration and coordination by NAICU	5,000
Total	$76,650

Appendix A

NAICU-Regulations

Illustrative list of regulatory/reporting costs.

1.0 "Set-up" costs of legislation (hearings, studies, other information acquisition, bargaining, etc.)

2.0 Implementation costs

- 2.1 Information costs to regulatory agency in deciding how to implement law (hearings, research, reports, etc. that precede setting standards)
- 2.2 Information costs to regulatees in determining what compliance means and what reporting is required
- 2.3 Administrative, record-keeping, and reporting expenses to regulatees in complying
- 2.4 Enforcement costs to regulators:
  - 2.41 Information costs to discover policing difficulties and ways to cope
  - 2.42 Inspection
  - 2.43 Devising forms for required reports
  - 2.44 Checking reports
  - 2.45 Other checks on violations (use of state and local personnel, etc.)
  - 2.46 Communications with regulatees and violators
  - 2.47 Decision-making costs in choosing whom to prosecute, choosing among possible prosecutorial procedures, penalities to impose, etc.

2.48 Handling such prosecutorial and punishment procedures as injunctions, arrests, fines, administrative hearings, appeals, litigation

2.49 Legislative oversight and follow-up costs

2.5 Other enforcement costs

2.51 Undesirable side-effects such as induced bribery, corruption, etc.

2.52 Undesirable side-effects such as increased size and complexity of the bureaucracy and increased public cynicism toward government

3.0 Avoidance costs to regulatees

3.1 Information costs in discovering avoidance possibilities and loopholes

3.2 Decision-making costs (comply, oppose, avoid)

3.3 Additional legal and clerical staff, or consultants

3.4 Bargaining costs with agency

3.5 Lobbying costs to defeat or amend

3.6 Litigation

3.7 Research in connection with bargaining, lobbying, deciding whether to litigate

3.8 Public relations in connection with bargaining, lobbying, litigation

4.0 Welfare losses of compliance

4.1 Direct costs, e.g., costs of elevators, ramps, doorways, etc. to accommodate disabled

4.2 Indirect costs:

4.21 Consumers foreclosed from product by price

4.22 Research and development discouraged

4.23 Inefficient (i.e., costly relative to benefits) accomplishment of legislative goals due to the procrustean nature of centralized regulatory authority, to the often inconsistent or arbitrary application of that authority, or to attempt to rigidly apply detailed regulations to widely varying sets of regulatees

4.3 Opportunity costs, e.g., lost results of research discouraged by regulations, or library collections eroded by shift of resources made necessary by the direct or indirect regulatory costs

5.0 Induced neglect of information:

5.1 By regulatees or potential regulatees and by consumers who believe all options foreclosed or all interests protected by regulations when, in fact, only some may be

6.0 Indirect new costs produced by reduced competition under industry-wide regulations and the resultant higher prices, lower quality, etc. (cf. claims made recently by Senator Kennedy in connection with the regulations of the airlines)

IMPLEMENTING FEDERALLY-MANDATED SOCIAL PROGRAMS: ISSUES AND RECOMMENDATIONS

Spring 1977

by

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Director, Office of Research
NAICU

Parker Coddington
Director of Government Relations
Harvard University

An Occasional Issue Paper

from the

National Association of Independent
Colleges and Universities
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NATIONAL ASSOCIATION OF INDEPENDENT (12)

COLLEGES AND UNIVERSITIES

The National Association of Independent Colleges and Universities was established in February, 1976, by representatives of independent colleges and universities, to meet the need for an organization that would provide a unified national voice for the shaping of public policy.

This Association, with a potential membership of 1,500 independent institutions, is proud of the rich diversity and variety within the independent sector and seeks to serve the needs and interests of its members by developing public policies which promote, and public understanding which supports, the ability of independent higher education to continue to meet the education needs of America within our pluralistic system.

The NAICU Office of Research was formed to provide analysis of public policy issues that concern the independent sector.

The NAICU Office of Research is partially supported by a grant from the Exxon Education Foundation.

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IMPLEMENTING FEDERALLY-MANDATED PROGRAMS:

ISSUES AND RECOMMENDATIONS

by

Virginia Fadil

Parker Coddington

An Occasional Issue Paper

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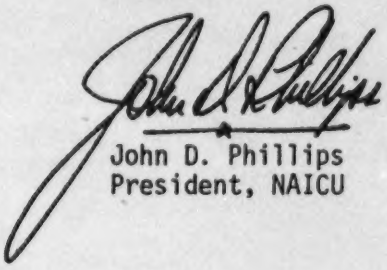
Washington, DC 20036

Acknowledgements

The National Association of Independent Colleges and Universities will prepare occasional issue papers in order to inform members of its constituency about public policy issues of concern to the independent sector.

The current paper, prepared in the spring of 1977, is a summary and analysis of compliance issues relating to federally mandated social programs. The authors recommend certain public policy alternatives which deserve careful thought and discussion.

In addition to the authors, I would like to thank the members of the NAICU Research Advisory Council for their assistance in developing the issues in this paper, and the members of NAICU staff who typed several versions of the draft.



John D. Phillips
President, NAICU

Implementing Federally-Mandated Social Programs: Issues and Recommendations

The higher education sector is committed to the federally-mandated social programs that have been passed over the past decade. Most legislation has been directed at the social goals of equal opportunity for all citizens, the health and safety of workers, fair pay standards, and environmental protection. However, the burden of implementation of these social programs has become an increasingly important concern of the higher education community in the last few years. Higher education institutions, particularly in the independent sector, are finding the costs of compliance with federal regulations and directives increasingly onerous to the point that some independent institutions question their ability to meet the costs of these programs and at the same time maintain the quality of their academic programs. The problem is not lack of support for long overdue legislation to achieve social goals, but rather it is that the development of federal regulations and regulatory processes for the higher education sector does not allow for an equitable distribution of the burden, both in direct and indirect costs, in the implementation process.

Although there is much federal legislation that affects the higher education sector, the following federally-mandated social programs are having the greatest impact: (1) Equal Employment Opportunity (Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972); (2) Equal Pay (Equal Pay Act of 1963); (3) Affirmative Action (Executive Order 11246, issued in 1965, as amended by Executive Order 11375 to include discrimination on the basis of sex, 1967); (4) Age Discrimination (Employment Act of 1967, as amended); (5) Wage and Hour Standards (Fair Labor Standards Act (FLSA) of 1938, as amended); (6) Unemployment Compensation (Social Security Act of 1935, Employment Security Amendments, 1970); (7) Social Security Tax Increase (Social Security Act of 1935, Employment Security Amendments, 1970); (8) Health Maintenance Organizations (HMOs) (Health Maintenance Organization Act of 1973); (9) Retirement Benefits (Employment Retirement Income Security Act (ERISA) of 1974 -- public institutions excluded); (10) Occupational Safety and Health Act (OSHA) of 1970; (11) Environmental Protection (Regulations implemented under several laws by the Environmental Protection Agency); and (12) Section 504 of the Vocational Educational and Rehabilitation Act (architectural changes to facilitate access by the handicapped).

Problem Areas

Institutions and study commissions reporting about the burden of compliance with federal legislation center on the following areas of concern (1) federal agency regulations, (2) data requirements and reporting, (3) unequal cost burden, and (4) lack of response time to comply with legislation.

(1) Federal Agency Regulations: One of the major burdens facing institutions is compliance with federal regulations. William McGill, former president of Columbia University recently pointed out that the Federal Register grew from 3,450 pages in 1937 to 60,221 pages in 1975 (McGill: 1975). He described the magnitude of the problem: "The sheer expansion of the regulatory framework attested to by these statistics is both astonishing and worrisome . . . Today any enterprise dependent on federal funds, must, as a matter of course, organize itself to furnish a continuous flow of documentation to regulatory agencies . . . The paper flow is truly stupendous . . . We must also be prepared to submit to the quasi-judicial judgements of the regulators." (Hornig: 1976) Furthermore, some independent institutions fear that some regulations are forcing standardization upon institutions that may threaten diversity in higher education.

The major complaints about regulations are:

(1) That many agencies make regulations without an adequate understanding of education institutions;

(2) That there is not adequate involvement from members of the higher education sector when regulations are written;

(3) That there are conflicting regulations in different agencies; and

(4) That there are no feasibility studies to estimate the cost of implementation of new regulations.

(2) Data Requirements: The requirements for increasingly more complex data is a standard complaint. Different agencies require similiar or slightly different data, and data requirements change each year forcing a change in formats. Some institutions must hire more personnel to keep up with the flow of paperwork. Institutions are also finding problems with record-keeping because agencies have required them to submit data retroactively --- data which they may not have kept over a period of time. Some institutions do not have some of the required data; others report that the data is too costly to gather; still others report that they have neither the time nor the resources to break out other data.

Another complaint is that regulatory agencies give institutions too short a time period in which to gather data. In addition, the burden of paperwork has increased inordinately. The Commission on Colleges of the Southern Association of Schools and Colleges found that federal report requirements for one institution had increased 1600 percent in five years (Commission on Colleges, 1976).

(3) Unequal Cost Burden: It is being established that the social goals which are sought by regulatory legislation are obtained only at certain costs. Some of these costs are direct (as in making the architectural changes required to facilitate access by the handicapped, per Section 504 of the Vocational Educational and Rehabilitation Act); others are indirect (as in gathering and reporting data considered indicative of the accomplishment of legislated goals); and some are what economists call "opportunity costs" [or benefits foregone, as suggested by Donald Hornig, former president of Brown University when he notes that". . . the cost of these (federally-mandated) programs consume perhaps a fifth of the library acquisition budget or a sixth of the scholarship budget" (Hornig: 1976)]

There is an increasing need for cost-analyses of the impact of complying with federal legislation in the higher education sector. A few recent studies have indicated the need for feasibility studies in order for colleges and universities, particularly in the independent sector, to be able to meet the ever increasing burden of implementing federal regulations. In 1976, Carol Van Alstyne and Sharon L. Coldren in The Costs of Implementing Federally-Mandated Social Programs at Colleges and Universities, a study of six institutions, both public and independent, found that costs of implementing federal programs ran from 1 to 4 percent of institutional operating budgets (see Figure 1). Although the percentages seem low, it was found large in relation to income from endowment and gifts, to deficits at some institutions, and to budgets of certain academic departments which have faced closure due to a change in budget priorities. They found that from 1970 to 1975, the costs of compliance more than doubled. These costs increased faster than increases in revenue and in instructional costs. They found that institutions had to generate additional revenues usually through increased tuition or by cutting costs in other areas of the instructional program, or in maintaining facilities. They made the point that whereas businesses could raise costs through their products and allow all of their constituents to share the increased costs, the independent sector had to give most of the burden to students in the form of higher tuition. The costs of compliance added greatly to the instability of the financial condition of colleges and universities and made it increasingly difficult to engage in accurate financial planning. They also found that administration of these programs was costly. Administrative time in implementing federal programs has increased from a negligible share to as much as one-eighth to one-fourth of administrative costs. In addition, management has become more centralized which tends to break the traditional mode of sharing responsibilities in the academic sector.

Van Alstyne and Coldren also found that educational institutions, particularly in the independent sector, were bearing an unequal share of the cost burden for federally-mandated programs, particularly in the area of increased costs in the social security taxes on employment. Because the

education sector is labor-intensive and the taxes are regressive in nature (employees on lower salaries pay more to social security than those on higher salaries), it has been hit with increased social security taxes which have tripled from 1965 to 1975. During this same period, the share provided by corporate income dropped from 22 to 15 percent.

In a special report completed recently by the Commission on Colleges of the Southern Association of Colleges and Schools entitled Colleges and Universities Speak Out on Cost of Federal Compliance in Higher Education (Commission on Colleges: 1976), the Commission found from 424 reporting institutions that the cost of compliance had and was continuing to escalate. Two hundred and fifty-four (254) institutions reported that the cost of compliance was $33 million. However, indirect costs, such as faculty and staff time have not yet been estimated. One institution with a hospital reported a $50 million cost in one year to meet OSHA regulations. The Commission also mentioned that many institutions reported that the compliance burden was becoming so great that it was beyond the ability of some to respond.

Other institutions have found that direct and indirect costs have been rising for affirmative action programs, for OSHA, and fear large capital outlays for ERISA (retirement benefits), programs for the handicapped, and environmental protection laws. What is more threatening is that experts see no peaking of institutional costs as programs are implemented, but only a steady rise (see Figure 2).

(4) Lack of Response Time to Comply with Legislation: Many institutions report that they have not been given enough response time to implement federally-mandated legislation. Some also report that they are treated in an adversarial manner by federal agencies. Others report that when they do submit plans to federal agencies, that they have had to wait for long periods (some reporting up to a year) for a reply. In the case where an agency has withheld federal funds, this can mean a serious loss of income for colleges and universities. Others report that capital outlays required for some programs initially cause a great financial burden to institutions.

And finally, the "opportunity costs" have not been adequately assessed -- that is, those academic programs, or scholarship funds, or library acquisitions that have been cut in order for institutions to bear the costs of compliance.

Recommendations

Several groups, institutions and task forces recently have addressed the issue of the burden of compliance upon the higher education sector. Most recently, the Interagency Task Force on Higher Education Reporting Burden has made a series of recommendations to reduce the data gathering burden upon

reporting institutions and the overlap among agencies regulating the same legislation. However, Congress,which must be concerned with the net effect of all its regulatory legislation (as distinct from the agency which may be concerned only with the net or even, perhaps, only with the gross results of its particular programs) needs the capacity to measure all three kinds of of costs (direct, indirect, and opportunity) and to estimate the effectiveness, efficiency, and equity of the entirety of its legislated regulators.

Recognizing that no input-output model exists for the purpose, we nevertheless urge Congress to attempt to secure control over the present costly, sometimes chaotic and, we suspect, occasionally counter-productive regulating situation by adopting some such modest set of guidelines procedure as the following:

(1) That every proposed regulatory bill include a clear statement of intended outcomes and a requirement that the effectiveness of subsequent regulations for achieving these outcomes be reported annually to Congress by the responsible regulatory agency.

(2) That every proposed regulatory bill carry a fiscal note estimating as accurately as possible total direct, indirect, and opportunity costs of the proposed legislation, to be revised if necessary, and refined by the responsible regulatory agency at the time of the publication of its intention to propose rules, with actual regulatory cost to be reported annually to the Congress; and, in addition, that Congress seek to include in the fiscal note an estimate of the differential impact of all three types of costs on identifiable classes of "regulatees," and that the regulating agency design and apply appropriate instruments to measure actual differentials and include the results of those measures in its annual cost account to Congress.

(3) That as part of its statement of anticipated effect, every proposed regulatory bill describe where its foreseen rules might conflict or overlap with existing rules; that the proposed bill direct the responsible regulatory agency to cite similarly anticipated bill areas of conflict or overlap in its rules as they are proposed and explain how such anomalies would be resolved; and that all cases of conflict and overlap be included in the agency's annual report to Congress.

(4) That all regulatory legislation contain a "sunset" provision, which would terminate any such act on a given date, say five years after it has been signed into law, unless, a counter acting measure to extend the act for, say five additional years, were passed by the Congress and signed by the President.

(5) That Congress make it clear in the body of all future regulatory legislation that penalities for non-compliance are intended to be limited insofar as possible to the domain of the purposes of legislation and that, in general, penalities for non-compliance not be inappropriate to the nature of the fault of be extended unnecessarily to innocent parties.

(6) That Congress in all its regulatory legislation require that the responsible agency hold open advance consultation with the "regulatees" prior to drafting regulations, or that Congress amend the Administrative Procedures Act to accomplish the same effect.

(7) Finally, that Congress keep constantly before itself the vision of an ideal self-regulating society in which regulations, especially centralized and broadly pervasive regulations, are reduced towards a vanishing minimum.

"Our disagreements with one another as to conclusions are trivial in comparison with our disagreements as to the problems; to see the problems another sees, in the same perspective, and at the same angle -- that amounts to something."

So said John Dewey in 1919 and so say we today. Few are those who would deny that the social goals sought by Congress are worth the seeking. But if none of these goals is achievable without cost and if these costs exceed in the aggregate our resources, then we must focus ever more intelligently and informatively upon the relationship of means (and their costs) to the goals themselves; choosing where necessary among our goals, finding where possible less costly means for the obtainment, but never allowing costs to exceed benefits, nor causing crucially important goals to be lost or delayed due to unproductive preoccupation of means.

Exhibit 1.5b
Trends in Costs of Implementing Federally Mandated Social Programs
1965 — 1975
By Institution, Excluding Social Security Taxes

Institution Control and Type	I Public State University	II Public Local Community College	III Private University, with Hospital	IV Private University, with Hospital	V Private Comprehensive College	VI Private Liberal Arts College
Highest Degree Offered	Doctorate	Associate	Doctorate	Doctorate	Master's	Master's
FTE Enrollment, 1974-75	33,000	23,000	8,000	10,000	3,000	2,000
Expenditures, 1974-75	$213,000,000	$44,500,000	$160,000,000	$86,000,000	$12,500,000	$10,500,000
1965–66	438,470			110,736	2,158	4,540
1966–67	348,809			193,370	32,958	320
1967–68	176,467			313,004	62,958	345
1968–69	346,265	1,263		332,922	93,558	375
1969–70	683,645	80,186		1,091,829	92,958	58,239
1970–71	856,429	103,663	617,400	393,022	92,958	52,421
1971–72	880,932	115,710	623,750	758,711	93,928	42,407
1972–73	819,815	135,570	349,590	771,208	99,070	34.303
1973–74	1,156,583	141,954	962,940	1,006,506	146,590	39,464
1974–75	1,302,545	180,764	865,840	1,939,573	166,277	87,871

Source: American Council on Education, Policy Analysis Service, Data compiled by the Special Costs Study Task Force, Spring 1975.

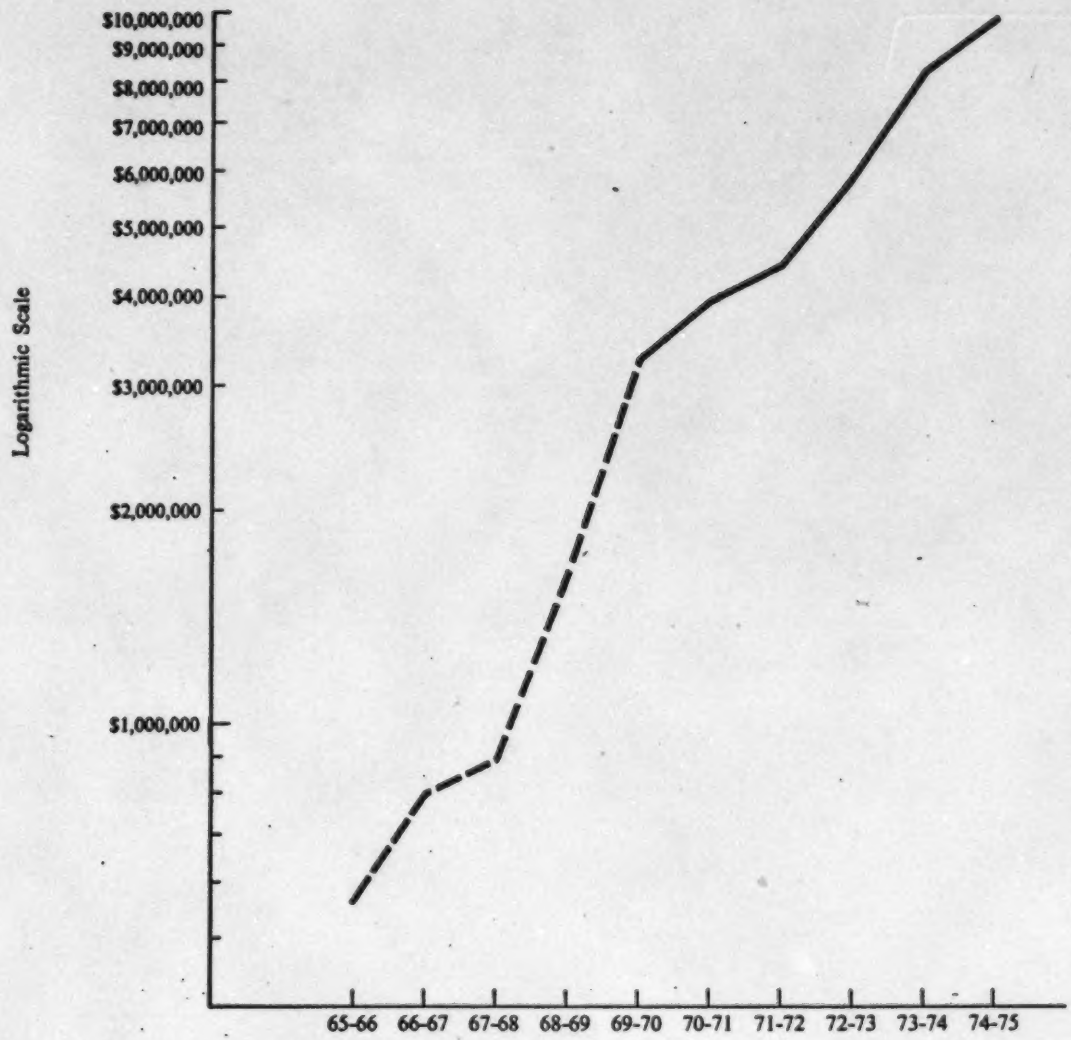
-7-

Figure 1

(24)

Exhibit 1.1
Trends in Costs of Implementing
Federally Mandated Social Programs
1965-1975

Total Combined Costs
of twelve programs at six institutions,
increases in costs over base year



Source: American Council on Education, Policy Analysis Service.
Data compiled by the Special Costs Study Task Force, Spring 1975

Note: Dotted line indicates different base years for different programs and possible underreporting of costs to a greater extent in the earlier years.

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Oaks, Dallin H. "A Private University Looks at Government Regulation." Journal of College and University Law, v. 4, no. 1 (Fall 1976), 1-12.

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Weinberger, Jo Ann and Michael, John A. "Federal Restrictions on Educational Research; A Status Report on The Buckley Amendment and Freedom of Information Act." Educational Record, v. 57, no. 1 (Winter 1976), 3-8.

APPENDIX C:

RESUMÉS OF PROJECT INVESTIGATORS

Robert Allyn Scott
110 Park Lane
Ithaca, NY 14850

Home: (607)277-0966
Office: (607)256-7507

CAREER OBJECTIVES: To advance in responsibility for the attainment of an institution's goals, and to continue my research and writing in the sociology of post-secondary education.

EDUCATION: Ph.D. in the Sociology of Higher Education, Cornell University, January 1976.

B.A. in English, Bucknell University, June 1961.

PROFESSIONAL EXPERIENCE: January 1977-January 1978: Leave of Absence from Cornell; Exxon Education Foundation grant to study and write about the effects of federal compliance requirements on middle-level collegiate administration and on the costs of higher education.

September 1974-January 1977: senior Associate Dean, College of Arts and Sciences, Cornell University, and writer and researcher, sociology of higher education. The College enrolls 3700 students and has 500 faculty. The Dean's Office staff includes 40 full- and part-time employees.

As senior Associate Dean, my responsibilities included all staff operations in advising, admissions, records and scheduling, and development; budget, planning, and program development; assisting curricular and teaching innovations; affirmative action, space management, and special projects. Special assignments included membership on both College and University committees; lecturing and leading seminars on the sociology of higher education; and projects for the senior officers of the University.

September 1972-September 1973: Leave of Absence from Cornell; Spencer Foundation grant to study and write about "opened admissions".

August 1969-August 1974: Associate Dean for Student and Academic Services.

July 1967-August 1969: Assistant Dean for College Admissions, College of Arts and Sciences, Cornell University.

April 1965-July 1967: Assistant Director of Admissions, Bucknell University, Lewisburg, Pennsylvania.

June 1964-February 1965: Lecturer in English at the University of the Philippines.

March 1963-March 1965: U.S. Navy Reserve. Active duty in the Republic of the Philippines.

June 1961-March 1963: Procter and Gamble Distributing Company, Management Trainee.

CONSULTING AND EDITING: I am a consultant to the Humanities Media Planning Project at WSKG Public/Educational TV and FM Radio. The Project

is sponsored by the National Endowment for the Humanities. Other consulting activities have included assistance for student and academic services at both public and private colleges and universities. One major assignment was to consult on open admissions, computer-assisted admissions information and processing systems, and student services for the State of Hawaii University System. My proposals for a statewide open admissions information and processing system were implemented.

I was founding editor of the Arts College Observer and the Humanities and the Social Sciences Research Bulletins, Cornell publications, and, since April 1974, have been Book Review Editor of College and University, a quarterly journal about education. I also review books regularly for Sociology: Reviews of New Books.

PUBLICATIONS: More than seventy of my articles, reports, essays, and reviews have been published in educational, sociological and popular journals, including American Youth, Change, The Chronicle of Higher Education, College and University, College Board Review, Contemporary Sociology, The Journal of Higher Education, NACAC Journal, Phi Kappa Phi Journal, Sociology: Reviews of New Books, U.U. World, and others. Monographs have been published by both Bucknell and Cornell University. A book-length manuscript is under consideration by a commercial press.

HONORS: Listed in Phi Kappa Phi, 1974; Community Leaders and Noteworthy Americans, 1974; Outstanding Young Men of America, 1969; Who's Who in American Colleges and Universities, 1961.

PROFESSIONAL ASSOCIATIONS: American Association of Higher Education, American Sociological Association, Association for the Study of Higher Education, and the Association of Collegiate Registrars and Admissions Officers.

CIVIC ACTIVITIES: Member (1971-74), Vice President (1974-76), and President (1976-present), Board of Directors, Bucknell University Alumni Association; Ex-officio Member (1976-present), Board of Trustees, Bucknell University; Member (1970-73), and Chairman (1971-72), Board of Trustees, First Unitarian Church, Ithaca, N.Y.; Co-President (1976-77), University Cooperative Nursery School, Ithaca, N.Y.

PERSONAL BACKGROUND: Raised in New Jersey, Massachusetts, and New York; graduated from high school with several civic and school-sponsored leadership awards. Married the former Phyllis Brice, March 1963; son, Ryan, born August 1969; daughter, Kira, born April 1972.

REFERENCES: Will be provided upon request.

R E S U M E

Name:	G. Edward Lundin
Home Address:	1290 Oakdale Road Atlanta, Georgia 30307
Office Address:	Institutional Research and Planning Spelman College Atlanta, Georgia 30314
Home Telephone:	404/ 373-4935
Office Telephone:	404/ 681-3643, ext. 207
Date of Birth:	May 7, 1942
Marital Status:	Married
Present Position:	Director, Office of Institutional Research and Planning Spelman College

Responsibilities as Director of Institutional Research and Planning

Research responsibilities include the development of the following data files and reports:

1. policy study on strategies for Spelman College
2. attrition study
3. space utilization study
4. financial aid study
5. admissions file plus computer program for all applicants to the College for month-by-month reports and total class summaries of entering students

Planning responsibilities include the development of the following documents and processes:

1. directed planning program for the Atlanta University Center (consortium of six institutions) during 1973-74 school year
2. coordinated the successful development of a multi-year proposal to the federal government (OE/AIDP) during 1973-74 school year
3. developed a planning-management-evaluation plan for institutions in the Center which was approved by the Presidents and forwarded to the Office of Education
4. negotiated a multi-year planning-management-evaluation contract for the College with Arthur D. Little, Inc.
5. directed the development of the planning-management-evaluation program at the College
6. negotiated a multi-year evaluation contract with the Southern Association of Colleges and Schools, the regional accrediting agency
7. assisted in the development of evaluation workshops with SACS and the College
8. participated in the development of long-range projections and plans for the Atlanta University Center and its member institutions under the direction of Dr. Webster Cash

In addition to these responsibilities, I have

1. addressed the faculty on the subject of program development and evaluation

2. addressed the Board of Trustees on the subjects of planning-management-evaluation, planning for the Ford Foundation proposal, status reports of institutional studies

3. addressed the Administrative Council of the Atlanta University Center, comprised of institutional presidents and the chancellor of the AUC

4. addressed the Woodrow Wilson Foundation mid-winter conference for administrative interns

Educational Experiences:

Ohio Wesleyan University, Delaware, Ohio
B.A. degree - 1961-1964
Major - English

University of Pittsburgh, Pittsburgh, Pennsylvania
M. Ed. degree - 1965-1965
Major - Secondary Education
Minor - English

University of Pittsburgh, Pittsburgh, Pennsylvania
Ph.D. degree - 1968-1973
Major - Education Administration

University of Pittsburgh, Pittsburgh, Pennsylvania
M.P.A. degree - 1977
Major - Public Administration

Courses of special interest in graduate preparation

Education Administration - foundations of education administration, educational planning, collective bargaining, fiscal affairs.

Public Administration - organization theory, research methodology in public affairs, system analysis (operations research), financial management of government operations.

Professional Experiences:

Fall, 1973 — Acting Director of Planning, Atlanta University Center (includes four undergraduate colleges, a graduate school and a theological seminary).

- Developed a comprehensive plan

1971-1973 — Senior Research Associate, Consultative Resource Center on School Desegregation and Conflict, University of Pittsburgh.

- Conducted research studies and prepared documents on desegregation-related matters.
- Consulted with school districts on the amelioration of conflict and the development of educational programs.

Evaluation Consultant, New Career Ladders in Social Welfare, Temple University, Philadelphia, Pennsylvania.

- Developed evaluation design for the New Careers Program.
- Evaluated the New Careers Program.

1969-1970 — Research Associate, Office of Research, Pittsburgh Public Schools, Pittsburgh, Pennsylvania.

- Developed evaluation design for counseling programs.
- Evaluated the counseling programs.

1970 — Associate Guest Editor, Journal of Research and Development in Education.

Participant, 1970 AERA Pre-session in Systems Research.

1969-1970 — Evaluation Consultant, Research for Better Schools, Eastern Pennsylvania Regional Laboratory, Philadelphia, Pennsylvania.

- Prepared cost-benefit study of the Individually Prescribed Instruction Program (IPI).

Professional Experiences (Continued)

1965-1968 Teacher, Lake Forest High School, Lake Forest, Illinois.

- Taught classes in literature and composition at the sophomore level.

1966-1967 Instructor (part-time), Triton Community College, Northfield, Illinois.

- Taught freshman composition.

1966-1967 Organizer, Lake Forest Education Association (Chapter of NEA), Lake Forest High School.

- Participated in the organization of the association.

Honors, Fellowships and Professional Organizations:

1964-1965 Recipient of Ford Foundation Scholarship, University of Pittsburgh.

1973 Member of Phi Delta Kappa, Education Honorary Society.

1973-1976 Fellow in the Woodrow Wilson Administrative Internship Program.

Publications:

January, 1974 Edward Lundin, and others. A Comprehensive Plan for the Atlanta University Center (internally published). 173 pp.

Summer, 1973 Edward Lundin, Evaluation Report of the New Careers Program, Temple University.

Spring, 1973 Edward Lundin. "School District Reorganization and Racial Imbalance in Pennsylvania," Center Communicator, University of Pittsburgh.

Spring, 1973 Edward Lundin, "A Typology of Classroom Interaction Modes," Center Communicator, University of Pittsburgh.

Publications: (Continued)

Fall, 1972	Edward Lundin, "The Impact of Desegregation on Academic Achievement," available from the Desegregation and Conflict Center, University of Pittsburgh.
Summer, 1972	Edward Lundin, Evaluation Report of the New Careers Program, Temple University.
Spring, 1972	Edward Lundin, "Educational Applications of Planning Programming Budgeting Systems," Graduate School of Education, University of Pittsburgh.
Summer, 1971	Edward Lundin, Evaluation Report of the New Careers Program, Temple University.
Summer, 1970	Edward Lundin and G. Welty, "A Decision Model for Educational Evaluation," Journal of Research and Development in Education.
Spring, 1970	Edward Lundin, "Problems of Individually Prescribed Instruction (IPI) and Computer Assisted Instruction (CAI) as Learning Technologies," a speech delivered at the 1970 Association for Educational Data Systems (AEDS) National Convention.
Spring, 1970	Edward Lundin and G. Welty, "Relevance of Decision Theory to Education Administration," a speech delivered at the 1970 Convention of the American Educational Research Association.

Dissertation Title: (Dissertation accepted in July, 1973)	School District Reorgainization and Racial Balance in the Commonwealth of Pennsylvania: 1963-1971.
Master's Thesis Title: (Thesis accepted in May, 1977)	Academic Planning in a Consortium of Colleges

Professional Contributions:

Fall, 1975 to Present	Invited participant on the National Commission on Student Outcomes, sponsored by the Council for the Advancement of Small Colleges.

Professional Contributions: (Continued)

1975-1976 Consultant to the Southern Association for Colleges and Schools in the area of planning-management-evaluation in higher education.

R E S U M E

NAME: Charles N. Adams, Jr.

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HOME PHONE: 404/255-0326

DATE OF BIRTH: November 20, 1923

PRESENT POSITION: Senior Research Associate
Center for Research in Social Change
Emory University, Atlanta, Georgia

EDUCATION: Georgia Institute of Technology, Atlanta, Georgia
B.S. Aerospace Engineering, 1943

Stanford University, Stanford, California
M.B.A. Graduate School of Business, 1948

Emory University, Atlanta, Georgia
National Science Foundation Fellow
Certificate of Training, Evaluation Research, 1972

PERTINENT PROFESSIONAL EXPERIENCE:

Evaluation Research As Senior Research Associate, Center for Research in Social Change, Emory University, I designed and conducted a systematic cost-performance evaluation of the unique pilot project, Housing Aid to the Aged (HAAP) located in the Model Cities area of Atlanta. I measured the performance and efficiency of the HAAP services and staff, developed the cost per hour of service provided clients, cost per successful case closure, caseload patterns carried by workers, and the services needed for successful closure or problem resolution. Results are presented in: An Evaluation of the Housing Aid to the Aged Project in Atlanta's Model Cities: A Systematic Evaluation. This publication provides guidance for developing the budget and operation of similar projects at other locations.

Educational Planning and Management Information System Development. Was Special Consultant to the Chancellor of the Atlanta University Center for the initial design and development of a coordinated center-wide planning and evaluation process and the supporting management information system for the six-institution consortium. Evaluated the Data Processing Center's resources and operations, assessed major problems and identified specific steps toward achieveing maximum use of the facility. Guidelines derived were documented in a proposal to the Ford Foundation requesting financial support for its implementation.